

Contracting Tax Factoring Worksheet

Assumptions: *No land is included in the contract.*
No tax amount is specified in the contract.

TAX RATES AND FACTOR

State & County Tax Rate.....

City Tax Rate.....

Combined RATE.....

Combined FACTOR.....

* Refer to the TRANSACTION PRIVILEGE AND OTHER TAX RATE TABLES, Table 1. Place in Column G of the TPT-1.

* Refer to the Transaction Privilege and Other Tax Rate Tables.

* Add the City Rate to the State & County Rate.

* Find the factor for the COMBINED RATE ABOVE on the TAX FACTORS FOR CONTRACTORS table.

	ITEM	SOURCE	AMOUNT	DESTINATION
1.	Gross Amount of Contract or Progress Payment	Contract / Invoice / Cash Receipts		Front of TPT-1, Column D
2.	Factor for Combined Tax Rate	Contracting Tax Factors Table		
3.	Factored Tax	Line 1 times Line 2		Back of TPT-1, Schedule A, Deduction Code 551
4.	Basis for Prime Contractor Reduction	Line 1 minus Line 3		
5.	Prime Contractor Reduction	Line 4 times 35%		Back of TPT-1, Schedule A, Deduction Code 502
6.	Total Deductions	Line 3 plus Line 5		Front of TPT-1, Column E
7.	Taxable Amount	Line 1 minus Line 6		Front of TPT-1, Column F
8.	State & County Tax	State & County Tax Rate times Line 7		Front of TPT-1, Column H
9.	City Tax	City Tax Rate times Line 7		Front of TPT-1, City line, Column H or City return
10.	Total Tax	Line 8 plus Line 9		Proof: Total Tax should be within pennies of Factored Tax on Line 3

For Assistance call (602) 255-2060 or Toll Free (Arizona Only, outside of Maricopa Only) 1-800-843-7196
KEEP THIS WORKSHEET WITH YOUR RECORDS. PLEASE DO NOT SEND IT WITH YOUR RETURN.

May 2004.